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Canada's New Government Moves Forward on Creating a Canadian Advantage in Capital Markets

The Honourable Jim Flaherty, Minister of Finance, issued the following statement today at the conclusion of his meeting with provincial and territorial ministers responsible for securities regulation:

"We had a productive meeting, a good exchange of views, and I stressed the importance of creating a Canadian advantage in global capital markets. The objectives are to give enterprises of all sizes better access to capital at more competitive costs, provide investors with increased investment choices and create more jobs for Canadians.

In particular, I highlighted the advances Canada's New Government has made since releasing our capital markets plan earlier this year. These include:

- naming a senior expert advisor, Nick Le Pan, to the RCMP to bolster the fight against white-collar crime;
- tabling amendments to our bankruptcy and insolvency laws to improve protection of financial contracts, including derivatives;
- consulting with provincial securities commissions on draft regulations for principal-protected notes issued by banks;
- drafting a paper, to be issued this week, to align federal statutes with provincial and territorial securities transfer laws; and
- leading discussions with the U.S. Treasury Secretary, other finance ministers from the G7 and key partner countries on free trade in securities.

We also reviewed progress made by provinces and territories and the Canadian Securities Administrators to harmonize and streamline securities regulation. All ministers agreed these steps are constructive and will lead to lower regulatory barriers and reduced costs for issuers and investors.

This advantage requires a shared commitment to enhance the effectiveness, content and structure of capital markets regulation, in particular by improving enforcement and by favouring proportionate, more principles-based regulation.

To advance the goal, in parallel to existing efforts to streamline and harmonize securities regulation, the Government of Canada will form a third-party experts group to advise on:

1. the outcomes, principles and performance measures that will best anchor securities regulation and the pursuit of a Canadian advantage in global capital markets;

2. how Canada could best promote and advance proportionate, more principles-based regulation, starting from existing harmonized legislation and national and multilateral regulatory instruments;

3. how this progress could facilitate, and be reinforced by, better coordination of enforcement efforts;

4. how this approach to regulation could be implemented under a passport or under a common securities act and a common securities regulator; and

5. the transition path, including key steps and timelines, that participating provinces and territories could adopt to effect proposed changes to the content, structure and enforcement of regulation.

All provinces and territories are invited to participate in this collaborative process, including suggesting names for the expert group, and providing input to them as they carry out their work. The expert group will deliver an interim report to the Minister of Finance and ministers responsible for securities regulation by December 2007, focused on the first three items, and a final report by the end of March 2008. This group will provide valuable input to all governments on how we can collectively move forward.

I will continue discussions with my provincial and territorial colleagues on how we can move forward on these issues in the weeks and months ahead."

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